Effect of Revised MODVAT Scheme on Small Scale Industries

@2736. SHRI A. G. KULKARNI: Will the Minister of FINANCE be pleased to state:

(a) whether the MODVAT scheme has recently been revised and production of branded items produced in small or ancillary industries do not get the benefit of the scheme; and

(b) if so, what are the reasons for such a step and whether Government are aware of the reduction in ancillary work awarded to the small scale industries?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) There has been no such change in the MODVAT scheme. MODVAT credit is available to the small and ancillary industries. However, the excise duty exemption schemes in respect of certain excisable goods were amended with effect from 1.10.1987 so as to deny duty concessions in respect of such goods manufactured in the small and ancillary industries under the brand name of a person who is not otherwise eligible for duty concession under the small scale exemption schemes. As a consequence of this the user industry purchasing such goods would get MODVAT credit only of the duty actually paid.

(b) The above modifications were done in order to reduce the chances of large manufacturers or traders deriving unintended benefit by getting their goods manufactured by units in the small scale sector. No significant reduction of ancillary work consequent to the amendment of small scale exemption schemes has been reported so far.

@Previously Unstarred Question 1957, transferred from the 14th March, 1988

Smuggling of Pharmaceuticals

†2737. SHRIMATI KRISHNA KAUL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the smuggling of pharmaceuticals has assumed alarming proportions in the country;

(b) whether vital Vitamins worth Rs. 100 crores are smuggled every year; and

(c) if so, what steps are taken by Government to prevent it?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Reports and intelligence received do not indicate that smuggling of pharmaceuticals has assumed alarming proportions.

(b) Since smuggling is a clandestine activity, it is not feasible to estimate the value of Vitamins smuggled.

(c) The anti-smuggling drive throughout the country has been intensified. The anti-smuggling machinery, particularly at the vulnerable points of the land borders and the coastline and at the international airports and seaports, has been geared up. Close co-ordination is maintained with all the agencies concerned in the detection and prevention of smuggling.

Development of Wastelands

2738. SHRI ANAND SHARMA: Will the Minister of ENVIRONMENT AND FORESTS be pleased to state:

(a) the total area of wastelands at present in the country; and

@ Previously Unstarred Question 2221, transferred from the 16th March, 1988.